FINANCIAL

Jerrico's net up 8% for second quarter

LEXINGTON, Ky.—Jerrico Inc., operator of Long John Silver's sea-food fast-food restaurants and Jerry's coffee shops, reported net income rose 8% to $5.2 million for the second quarter ended Dec. 31 compared with the same period last year.

Sales for the quarter rose 9% to $103.1 million.

For the six months ended Dec. 31, net income increased 22% to $11.7 million on sales that rose 15% to $212.4 million.

The company said second quarter results, seen in the context of the six-month period, reflected "the further impact of the recession."

After allowing for a 4% weighted price increase, sales for comparable company-operated Long John Silver's units were off by 5% for the second quarter. (Comparable shoppes were open for the entire period in both years.)

Average sales for the six months ended Dec. 31 were $232,600, an increase of 3%. Average pretax earnings were up 5%, to $46,000, over the prior year's comparable period.

Second quarter sales at company-operated Long John Silver's were off 2%, to $111,300, from the same quarter of the prior year. Average pretax earnings also dipped slightly, to $21,000 from $22,400, the company said.

Jerrico added 53 units (43 new units and 10 acquired from franchisees) during the first six months of the current fiscal year. Franchisees opened another 24 stores.

As of Dec. 31, there were 1,191 Long John Silver's, of which 703 were company operated and 488 franchised.

Jerrico said it expects to meet its development goals of 85 company operated and 50 franchised units for the current fiscal year.

Velvet Turtle and Straw Hat Pizza—and provide food service to colleges, businesses, and hospitals through its education, business and industry, health care and Canadian divisions.

Piccadilly profits up 15%

BATON ROUGE, La.—Piccadilly Cafeterias, an 80-unit chain, reported profits up 15% to $3 million and sales up 12% to $37.1 million for the second quarter ended Dec. 31 compared to the year-ago period.

Profits for the first six months were up 15% to $5 million and sales were up 12% to $71.8 million compared to the previous year's period.

The company attributed the sales and profits gains to operating efficiencies, a continued increase in traffic counts and slowed increases in wholesale food prices.

EARNINGS REPORT

Company	Period	Period Ended	Total Sales*	% Change	Revenues*†	% Change	Net Income (Loss)*	% Change
Church's	1 yr.	12/27			$ 420.200	7	$44.600	17
Delta Airlines	3 mos.	12/31			894.600	4	8.500	– 80
Denny's Inc.	6 mos.	12/25			472.100	14	19.200	42
	3 mos.	12/25			230.800	12	8.500	44
Eastern Airlines	1 yr.	12/31			3,730.000	8	(65.900)	—
	3 mos.	12/31			892.600	0	(26.000)	—
Jerrico	6 mos.	12/31			212.384	15	11.680	22
	3 mos.	12/31			103.106	9	5.154	8
Peoples	1 yr.	12/27	$ 6.409	569			0.365	**
	3 mos.	12/27	3.715	569			0.205	**
Piccadilly Cafeterias	6 mos.	12/31	71.753	12			5.045	15
	3 mos.	12/31	37.068	12			2.980	15
Saga Corp.	1 yr.	12/26			444.348	11	9.995	61
	3 mos.	12/26			250.776	11	7.903	51
Sandwich Chef	6 mos.	12/27	7.903	22			0.349	17
	3 mos.	12/27	3.965	21			0.157	10
Trans World	1 yr.	12/31	5,270.000	6			64.300	– 5
	3 mos.	12/31	1,240.000	0			(9.200)	—
UAL	3 mos.	12/31					(73.900)	—

Source: *Company earnings reports*

—loss in corresponding period
**In millions*
***loss in previous period*
†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.

Earnings climb 51% at Saga

MENLO PARK, Calif.—A 51% increase in net income to $7.9 million for the second quarter ended Dec. 26 was reported by Saga Corp., the restaurant and food-service company. Revenues for the period were up 11% to $250.8 million from $225.4 million a year ago.

For the first six months, net income increased 61% to $10 million, from $6.2 million earned in the previous year's first half. Revenues rose by 11% to $444.3 million from $398.9 million in the comparable period of fiscal 1981.

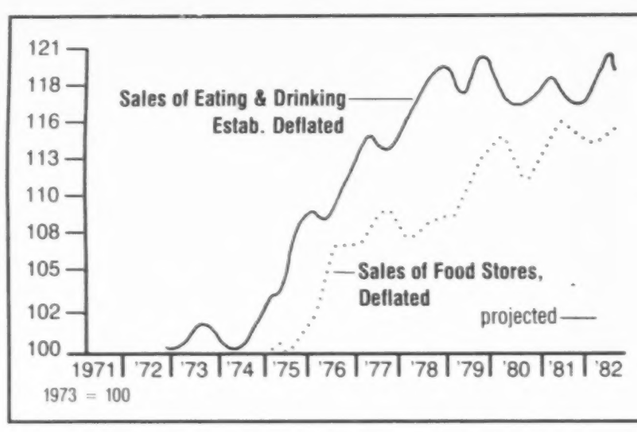
Chairman and ceo Charles A. Lynch said many of the factors contributing to Saga's first quarter performance also had a favorable impact on this quarter's excellent results. These included continuing moderate food cost increases, lower net interest expense and strong management controls.

Saga Corporation owns and operates three restaurant chains—Stuart Anderson's Black Angus/Cattle Company,

NRN
examines
2ND TIER CHAINS
coming soon

L/F ECONOCYCLE

Food-service sales to climb in 2nd half



Eating & Drinking Estab.

Sales Change By Quarter

	'81 1Q %	'81 2Q %	'81 3Q %	'81 4Q %	'82* 1Q %	'82* 2Q %	'82* 3Q %	'82* 4Q %	12-Month % Change '80 %	'81 %	'82* %
Sales include inflation	7.4	11.4	9.7	6.6	5.8	5.3	9.3	11.3	8.7	8.7	7.9
Real sales (Deflated)*	– 2.1	2.1	0.6	– 1.0	– 0.5	– 1.3	2.2	3.2	– 0.7	– 0.1	0.9

Base = Nov. 1981 Sales
*Projected

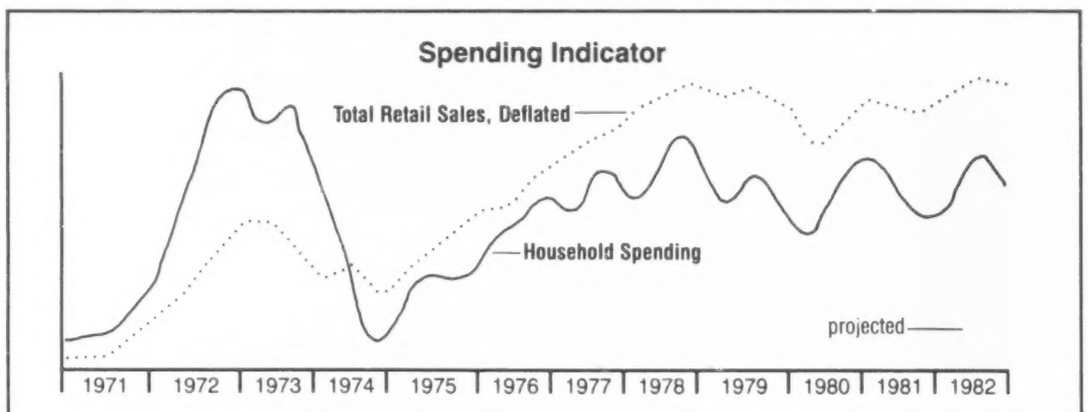
Tight-fisted consumer spending patterns (chart below) are again acting as a mirror to the general retail sales curve—indicating that retail gains could match, but won't outrun 1981 results or levels, according to the latest Econocycle forecasts.

Coupled with a current downturn in the spending mood, in fact, general retailing is not expected to start posting positive gains until midyear. The good news is that sales should start nosing up in and through the second quarter, propelled by strong gusts in several key sectors.

Food-service operators won't show real gains (vs. 1981 results) until the second half—but the Econocycle trend analysis indicates that after its second half 1981 downturn, eat-out sales are recovering at a healthy rate and will continue to climb sharply in the third quarter this year.

The L/F Econocycle projection for food service shows an erratic pattern for sales velocity through the later winter months. March sales are expected to decline 2%-3% from same-month a year ago—resulting in a slight decline in total first quarter results.

For general retailing, the latest figures now indicate that fourth quarter 1981 results were not as poor as previously expected in the Econocycle projections. Three months ago, the computer model predicted a 0.2% fourth period gain. New figures show an improved 0.4% increase in the still-to-be-tabulated fourth quarter. Looking ahead, total retail sales will also decline gradually through March (off 2% in month-to-month comparisons), followed by a sharp pickup brought on by the coming spring thaw.


Spending Indicator
Total Retail Sales, Deflated
Household Spending
projected
1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982

Sales/Include Inflation
% Change By Quarter

		Total Retail Stores	Food Stores	Eating & Drinking	Building Materials Hardware Stores	Drug Stores	Furniture & Appliance Stores	Apparel Stores	General Merchandise Stores	GAF Stores
1981	1Q	8.9	10.5	7.4	8.4	10.4	8.4	9.8	7.9	8.4
	2Q	13.6	10.7	11.4	15.2	10.3	9.0	8.7	12.5	10.9
	3Q	10.2	9.5	9.7	7.5	8.1	5.1	8.5	9.4	8.3
	4Q	7.4	8.3	6.6	– 2.0	4.3	3.4	7.9	5.5	5.6
1982	1Q*	5.3	8.1	5.8	– 4.8	4.6	3.0	3.8	3.1	3.2
	2Q*	3.6	8.1	5.3	7.1	4.6	9.5	6.2	2.9	5.0
	3Q*	7.0	8.6	9.3	16.6	6.0	10.9	6.7	7.2	7.9
	4Q*	10.3	9.5	11.3	16.5	6.7	8.8	5.9	10.5	9.1
% change 12 mos.	1980	6.4	10.8	8.7	– 3.2	11.9	4.7	4.6	5.9	5.4
	1981	9.9	9.7	8.7	7.1	8.2	6.4	8.7	8.8	8.2
	1982*	6.6	8.6	7.9	8.5	5.5	8.0	5.6	5.9	6.3

Real Sales (Deflated)*
% Change By Quarter

1981	1Q	0.7	– 1.4	– 2.1	– 1.2	0.2	2.2	5.9	0.9	2.2
	2Q	3.6	0.3	2.1	6.0	0.3	3.0	4.5	5.8	4.9
	3Q	2.2	1.4	0.6	0.8	– 1.7	– 0.4	4.1	3.1	2.6
	4Q	0.4	3.6	– 1.0	– 7.2	– 4.1	– 2.1	4.5	0.4	0.8
1982	1Q*	– 1.5	2.4	– 0.5	– 8.2	– 2.1	– 3.4	0.7	– 1.8	– 1.6
	2Q*	0.6	– 0.6	– 1.3	2.8	– 0.1	1.6	3.2	– 2.2	– 0.3
	3Q*	2.2	– 0.7	2.2	8.8	2.7	2.3	3.8	1.9	2.4
	4Q*	3.2	– 0.6	3.2	6.8	3.4	0.7	2.5	3.5	2.7
% change 12 mos.	1980	– 3.3	3.0	– 0.7	– 12.4	2.5	– 1.4	0.1	– 1.5	– 1.2
	1981	1.7	1.0	– 0.1	– 0.5	– 1.3	0.7	4.7	2.5	2.6
	1982*	1.1	0.1	0.9	2.2	1.0	0.3	2.6	0.3	0.8

Base = Nov. 1981 Sales
*Projected

About Econocycle

The source for the L/F Econocycle index is the Econostat Applied Economic Research Unit of The Hague, Holland. This unit consults for Government and major corporations on three continents. Its projection techniques are based on the Econocycle System, a computerized system designed by the Econostat team of economists.

Because of the changing pace of inflation in the United States, retail sales figures in the L/F Econocycle projections have been adjusted to take account of inflation. All statistics are shown in *real* terms. The charts (above, facing) represent the trend cycle. The data has been seasonally adjusted and smoothed—and is updated each month. Source for current sales and the deflator series is the U.S. Dept. of Commerce.

Where an *Index Base* is indicated, all data is converted to index numbers, starting from a common base (= 100) in order to establish meaningful performance comparisons.

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2ND TIER CHAINS
Battle for regional dominance—Pp. 37-76

Nation's
Restaurant News®
The Newspaper of the Food Service Industry

Vol. 16, No. 5 | Published every other Monday, 25 times a year, by Lebhar-Friedman Inc.; $2 a copy, $15 a year | March 1, 1982

Margins jeopardized by couponing

By Charles Forman

A deluge of heavy dealing that could eat into 1982 margins has already prompted one major fast-food franchisee, Chart House, to balk at a national coupon.

Though most Burger King franchisees agreed to redeem a free-fall coupon delivered to homes across the country in Jan. 17 Sunday supplements, Chart House and many of its Burger King sublicensees turned down the deal.

The incident, coming right in the middle of the slack January-February sales period, underscores a major fear developing in the industry. The margins that forecasters have promised for 1982's last three quarters are based in part on the difference between flat costs and inflation-boosted prices.

If menu prices are actually "too high," many restaurant customers will only eat out with coupons. The coupons themselves will work as an economic mechanism that brings food costs up to a higher-than-expected percentage of sales. Projected profits will evaporate.

The Chart House incident is still no harbinger of a stampede away from self-destructive couponing, though that is what many food-service executives would like to see.

It does reflect the feeling, especially among fast-food franchisees, that almost any kind of promotion is better than a coupon.

"If you can get a good self-liquidator, that's your best bet," said Lance Bowers, marketing manager of 22-unit, $15-million-a-year BK franchisee, Consumer Food Service, Fords, N.J., which did participate in the coupon promo.

"Over the last quarter we did 20% less couponing than for the same three months a year ago."

At Chart House, a marketing executive commented, "Chart House has come up with a policy of moving away from mass couponing. We don't mind couponing on an individual store basis—where sales are below par, or for some other special reason. But mass couponing is on its way out."

Franchisors, on the other hand, reason differently. They have less concern about coupon-

(Continued on page 113)

Strong bottom line

Church's poised for growth

By Rick Telberg

SAN ANTONIO—Despite sales problems in key markets last year, Church's Fried Chicken recorded a substantial profit and appears poised for solid growth in both profit and revenues.

The company reported a net profit of $44.6 million for fiscal 1981 ended Dec. 27, a 17% increase over the prior year.

Lower-than-budgeted-for food costs allowed Church's to overcome a 10% drop in inflation-adjusted sales.

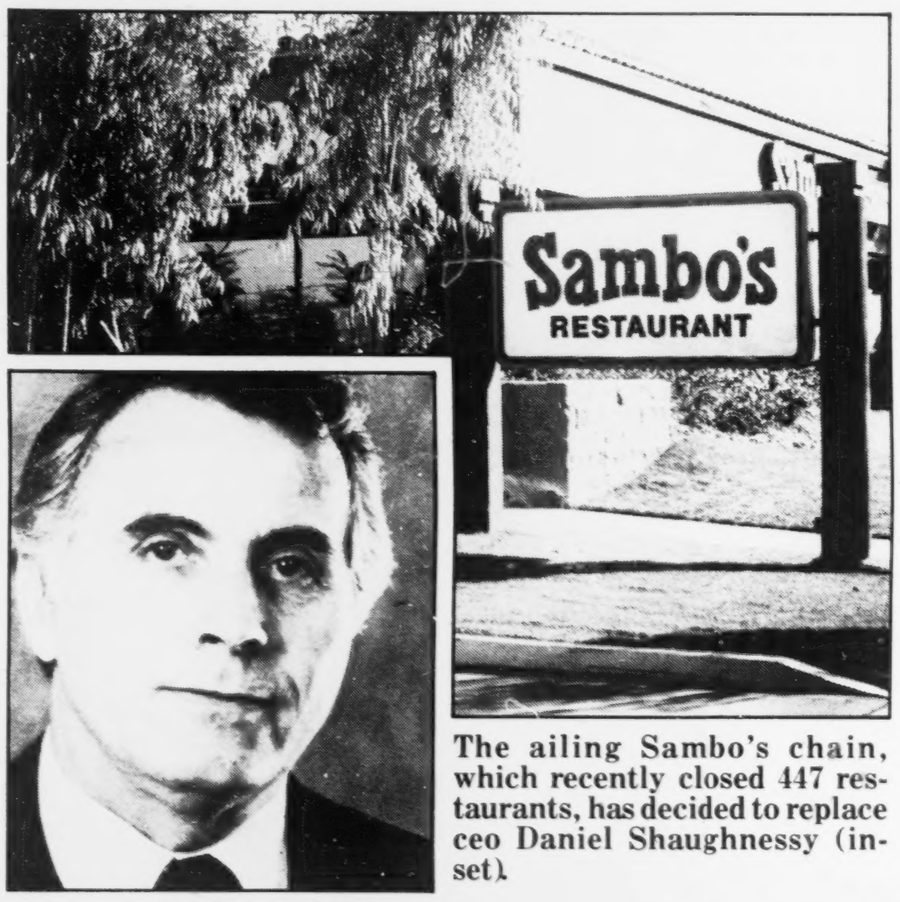
The company, which had about 1,360 units worldwide at year-end, reported revenues of $420.2 million, a 7.2% increase over 1980.

The dominant factor in Church's strong bottom line performance was the difference between the cost of broiler chickens and Church's menu prices.

Church's menu, which is priced up to 15% less than its competition, mainly KFC, is geared for 52¢-per-pound broilers. But throughout the year Church's paid about 46¢ per pound.

While industry forecasters

(Continued on page 113)



The ailing Sambo's chain, which recently closed 447 restaurants, has decided to replace ceo Daniel Shaughnessy (inset).

Sambo's ousts Shaughnessy; Luckey gets offer

By Charles Bernstein

CARPINTERIA, Calif.—City Investing Corp., under severe pressure from lenders, has ousted Daniel Shaughnessy as Sambo's chief executive officer 27 months after having given him the task of turning around Sambo's. (Earlier Sambo's story, page 2.)

The Sambo's board of directors, controlled by City Investing (which owns 34% of Sambo's), voted to drop Shaughnessy and to offer the post to Robert K. Luckey, 43, who is president and chief executive officer of Lafayette, La.-based Chart House Inc.

Luckey, who was unavailable for comment, was mulling the offer at presstime. Sources close to him said he faced a dilemma in deciding whether to leave the company where he has spent almost his entire career to accept an extremely challenging and risky position with loss-ridden Sambo's. Yet a four-year salary package offer of almost $400,000 annually could serve as an impetus for Luckey to accept the challenge.

(Continued on page 114)

Reagan budget: Industry fears backlash

By Ken Rankin

WASHINGTON—Efforts by President Reagan to hold his red ink fiscal 1983 budget to its forecast deficit of $91.5 billion may cause new woes for food service.

Last year's revenue shortfalls and Federal cutbacks have already generated an unprecedented wave of state and local legislation, drafted and introduced since the first of the year, that aims at recouping billions in lost revenues through expanded taxes.

Now the President must get $55.9 billion in new spending cuts O.K.'d just to keep the 1983 deficit from ballooning above the $91.5 billion figure.

During the five years up to 1981 the Federal Government returned from 15%-17% of its revenues to the states. In fiscal 1982, which began last fall, only 8% will be returned.

The figures are stark background for the hundreds of new tax proposals now being debated in state legislatures. But things could get even worse.

The President's proposed shift of 40 major Federal programs to the states will cut their income from Washington by 14.8% this year. By 1986, Federal grants to state and local levels will probably be sliced in half—at a cost of $2.3 billion this year and $27.5 billion by 1986, thanks to new tax breaks to corporations.

The dilemma state and local governments face is: Where to find alternate revenue sources without cutting back on needed services. Some are already battling huge existing budget deficits there's little hope they can recoup from existing revenue streams.

What food-service operators of all sizes and stripes should watch closely in the months

(Continued on page 11)

U.S.D.A. holds hearings

Opponents of beef plan speak out

SALT LAKE CITY—Food-service industry leaders lashed out at the Agriculture Department's plan to weaken Federal beef grading standards, charging that the proposed reduction in Government quality requirements would backfire on cattlemen, consumers and restaurant operators alike.

"By continually allowing lower quality beef to qualify for higher grades, we feel the integrity of the beef grading system is being seriously eroded," Ohio restaurateur Edward Elliott warned top U.S.D.A. officials at public hearings on the regulatory shift in Salt Lake City.

Testifying on behalf of the National Restaurant Association, Elliott maintained that the department's proposed reductions in "marbling" requirements for U.S.D.A. "Prime" and "Choice" beef would drive up prices, alienate consumers, and wreck food-service industry quality control efforts.

Elliott's warning was the opening shot in an orchestrated campaign by food-service leaders to derail the pending Federal grading changes during a series of full-dress U.S.D.A. hearings in five different United States cities during the past three weeks.

NRA board chairman Walter Conti voiced similar concerns at a subsequent session in Washington, D.C., charging that the quality of the nation's beef supply "is being downgraded for the convenience of the producers," and that "ultimately, the consumer is being ripped off."

At separate U.S.D.A. beef grading hearings around the country last month:

- execs from Dobbs Houses

(Continued on page 113)

LATE NEWSBREAKS

Thomas J. Russo has been promoted from Howard Johnson senior vice president for restaurants to executive vice president with new additional responsibilities over purchasing, manufacturing and distribution. He and Arthur Barrett, who was moved up to executive vice president for accommodations, report to G. Michael Hostage, HoJo's new president.

The Justice Department is looking into possible anticompetitive effects of Marriott's proposed $148 million acquisition of Host International. A Marriott spokesman said his company felt the probe of the two firms' airline catering services would not stop the deal.

Frank Dwyer, A&W president for the past few years, has joined Acapulco y Los Arcos, Pasadena, Calif.-based Mexican dinnerhouse chain. He reports to Acapulco president Jim Doherty, his predecessor as A&W president. United Brands recently sold A&W to the Taubman Co., Troy, Mich.

Published by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022 (ISSN Q028-0518) Second Class Postage Paid at New York, N.Y., & Additional Mailing Offices

Mrs. Winner's enters chicken franchising wars

By Donald Frazier

NASHVILLE—Volunteer Capital, the largest single franchisee for Wendy's, plans to build 40 units for its own new cafeteria-style chicken-and-biscuits restaurant concept.

Mrs. Winner's Fried Chicken, now a "second tier" chain in the Atlanta market, joins several other operators in the quickly emerging upscale chicken segment of the industry. The field now includes operators such as Bojangles, Grandy's, and Wendy's own new concept, Sister's.

The 49 Mrs. Winner's units now open post average annual sales of about $500,000, according to Volunteer Capital's president M. V. Hussung Jr. This figure, he added, contributes to a return on investment.

Marketing Aims

The Mrs. Winner's concept echoes that of its several competitors in the new market: open-vat fried chicken, country-style biscuits, and complementary side dishes such as coleslaw. Its breakfast program serves biscuits with a variety of items, such as eggs, sausage, ham and even steak. The average lunch and dinner check is $3; the same figure for breakfast is about $1.75.

Most of the chain—38 units—is located in the Atlanta area, where Volunteer Capital entered the chicken business by purchasing the now-defunct Granny's chain of restaurants in 1979. After building 18 units in the last three years, Mrs. Winner's now poses a threat to the leaders in the Atlanta market, Hussung said. Church's and KFC each have about 55 units there.

The chain also expects to grow in Nashville and Columbus, Ohio, where it sold its first franchise last summer. Winner's of Central Ohio, the franchisee, is headed by two defectors from the Wendy's home office. The company's contract commits it to opening 17 stores in the 17-county Columbus area by 1990.

It has also signed a franchisee to a contract requiring him to build 15 stores in eastern Tennessee, including Knoxville and Chattanooga, in the next seven years; it is on the verge of completing an agreement which would place 35 Mrs. Winner's units in a Southern state by 1990.

Meanwhile, the company plans to add eight units to the seven restaurants it now owns and operates in the Nashville area. This would make Mrs. Winner's the dominant chicken restaurant chain in this relatively small but affluent market.

Volunteer Capital sees high potential in the chicken-and-biscuits concept for several reasons, Hussung said. One of these is the popularity of rural food styles in the rapidly growing Sunbelt sections of the country. Others are the ease of preparing the limited menu and the relative stability of chicken prices at low levels relative to beef.

The all-chicken menu also benefits the Mrs. Winner's con other operators in this emerging segment, are rushing into the upscale chicken concept because they perceive a gap in the market above the leaders, Church's and KFC. These oper-

(Continued on page 114)

Denny's mulling Sambo's conversions

By Charles Bernstein

NEW YORK—Denny's is reserving judgment on whether to acquire more shuttered Sambo's restaurants pending initial results of 12 former Sambo's units reopening shortly under the Denny's banner.

"We're waiting to see how smoothly the conversions work and what the initial sales might be," said Denny's president and chief executive officer Vern Curtis at a meeting of selected analysts here. "We'll see how they fit into our system."

The 12 restaurants are being remodeled, and Curtis observed that "they are very well located and are expected to do outstanding business. Five are in Florida where we continue to experience exceptional success."

"We are in an excellent position, financially and operationally, to take advantage of such opportunities," Curtis declared, "as we have a chance to acquire some well-located units that normally would not be on the market."

(A number of the 447 Sambo's units that were shuttered of Sambo's 1,114 total) have been sold, or the leases have been sold. But it is believed some 300 remain up for grabs and that an auction may be held in Los Angeles by late March to sell the remaining stores to the highest bidders.)

One question industry analysts and Curtis have had about acquiring Sambo's sites is whether customers would feel that the location is a "permanent loser" in view of Sambo's experience and actions and whether Sambo's problems might act as a stain on the entire coffee shop industry. The answer to both these questions appears to be that consumers mainly judge a restaurant for better or for worse on how *it* performs rather than on how its predecessors performed in a given location.

Asked whether Denny's had gained any volume in areas where Sambo's closed, Curtis replied, "Not anything noticeable. I think we already had made these gains earlier when Sambo's restaurants were losing volume."

A major hangup on selling the leases of Sambo's shuttered restaurants is that only coffee shops or family restaurants generally are suited to these sites and not that many appear to be in the market for these

(Continued on page 114)

Ernest Renaud
Long John Silver's president

Thad Eure Jr.
Creative Dining Systems

Renaud and Eure win Silver Plate awards

CHICAGO—Ernest Renaud, president of Lexington, Ky.-based Long John Silver's, and Thad Eure, president of Raleigh, N.C.-based Creative Dining Systems (Darryl's) won Silver Plate awards in the fast-service and full-service categories respectively.

Winners in the six other categories of the International Foodservice Manufacturers Association's annual food-service operators of the year competition are Jacques Bloch, food-service director of Montefiore Hospital, Bronx, N.Y., hospitals and health care establishments; John Dunfey, chief executive of Dunfey Hotels, Boston, hotel food service; Richard Ysmael, employee services director of Motorola, Schaumberg, Ill., contract/industrial feeding; Albert Wood, food-services director of the Los Angeles Unified school district, school feeding; Maxine Anderson, food-services manager of Stanford University, Palo Alto, Calif., college and university feeding, and Lt. Nicholas Diorio, Naval food-service officer, Guantanamo Bay, Cuba, Government institutions and military.

A jury of eight food-service publication editors and seven previous Silver Plate winners, meeting at the Hyatt Regency Chicago last month, voted in

(Continued on page 113)

IHOP eyes Wienerwald growth

By Roman Czajkowsky

SAN DIEGO—Swiss entrepreneur Friedrich Jahn's Wienerwald restaurant concept, a major hit overseas but long dormant in this country, has been resurrected here with the conversion of two of Jahn's United States properties.

The conversions to the Bavarian style concept, which prominently features spit-roasted chicken, involve an IHOP/Copper Penny restaurant in San Diego and a Lums unit in suburban Chicago.

Another Lums, also located in the Chicago area, is scheduled to reopen as a Wienerwald in the immediate future. Other restaurants, including some Lums, are likely to be converted as well.

Whether these moves signal a major entry of the Wienerwald concept into the United States market is not at all clear.

There have been three Wienerwald restaurants in New York City for more than 10 years, but no move to expand into other markets was made.

Wienerwald Group Restaurants in the United States, totaling nearly 900, include International House of Pancakes, Lums, Love's Wood Pit Barbecue, Copper Penny and Ranch House restaurants.

According to an IHOP official in charge of test marketing the Wienerwald concept, none of the 525 IHOP coffee shops will be converted.

Instead, likely candidates for conversion include some of the 19 company-owned Copper Penny's (a division of IHOP Corp.), and selected Lums units, all on a "pick and choose" basis, the official, Stephen Pettise, a marketing vice president for IHOP/Los Angeles, said.

It's conceivable, however, that Wienerwalds might be built from scratch, or converted from properties not now part of the Wienerwald group holdings

An initial Wienerwald entry into the United States market in New York, in the 60's, was never considered successful enough for expansion. Speculation about a renewed push began building after Jahn, Wienerwald's founder, purchased Lums in 1978, then completed a two stage acquisition of IHOP last October.

The privately held Wienerwald group includes more than 1,500 restaurants, 46 hotels, and some 100 subsidiary companies, with sales of over $1 billion.

Heublein gets option to buy more Gino's stores

WASHINGTON—Already in the process of acquiring Gino's Inc., the Pennsylvania-based fast feeder, Marriott Corp. has signed an agreement with KFC parent Heublein Inc. to further carve up the Gino's chain.

Earlier this year, Marriott disclosed plans to convert as many as 200 Gino's units to its Roy Rogers family restaurant concept and sell 80 Gino's franchised Kentucky Fried Chicken restaurants back to Heublein.

Now comes the news that part of the Marriott-Heublein agreement includes an option for Heublein to purchase an undisclosed number of Gino's restaurants outright. Gino's holdings include 313 Gino's units, 113 Rustler Steak Houses and 43 KFC units. Many Gino's restaurants also serve KFC products under franchise agreements with KFC Corp.

Heublein's purchase of at least 80 Gino's outlets is subject to the successful completion of Marriott's tender offer for Gino's stock as well as the execution of a definitive agreement between the two corporations.

"This acquisition underscores our long-term commitment to reinvest in and expand the KFC system both here and abroad," said Hicks B. Waldron, Heublein's president and chief executive.

HIGHLIGHTS IN THIS ISSUE

Many of today's second-tier chains will be part of *NRN*'s Top 100 Chain Analysis in the near future. By breaking the country into United States Census Bureau regions, this issue's Focus section examines the second-tier chain phenomenon. *Page 37.*

The so-called second-tier chains of under $100 million volume often outpace their larger rivals in terms of innovation, customer counts and the all-important bottom line. In an editorial, *NRN* editor Charles Bernstein points out that if these smaller chains can avoid the pitfalls that afflict many of the giants, they will continue to be industry leaders. *Page 6.*

Imaginative displays of food in everything from street lamps to television picture tube covers helped make the dedication of Corning Glass Works' new Decker Engineering Building a food-service extravaganza to be long-remembered. *Page 19.*

Despite the woes of south Florida's tourist industry, the Mai-Kai continues to thrive. The over-quarter-century-old Polynesian themer is still one of the most popular attractions in the Fort Lauderdale-Miami area. *Page 20.*

Increased emphasis on liquor sales has helped "traditional" restaurants, lunchrooms and cafeterias survive the onslaught of the fast-food invasion, according to a new United States Agriculture Department study. *Page 22.*

After striking out with one restaurant concept on Manhattan's Third Avenue, Shelly Fireman scored a hit with his upscale Fiorella's, opened on the same site. *Page 24.*

Bill Pattison tells how he parlayed a 50¢ investment into a $120 million chain of Canadian hotels. He's now looking to expand into the United States. *Page 81.*

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NATION's RESTAURANT NEWS
(ISSN 0028-0518)
Published by Lebhar-Friedman Inc.
425 Park Ave., New York, N.Y. 10022
All Correspondence to:
Editorial Offices:
425 Park Ave., New York, N.Y. 10022
Telephone: 371-9400
Cable: LEBHAFRIED

Published biweekly—every other Monday, monthly in December. Subscription rate $15 a year, $28 for two years. Single copy rate $2. Outside U.S.A.: Canada, $16 a year, $30 for two years; Foreign subscriptions (air mail only) $100 per year. Second class postage paid at New York, N.Y., and additional mailing offices.

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For change of address, six weeks notice to Subscription Dept., 99 Park Ave., New York, N.Y. 10016 is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Vol. 16, No. 5 March 1, 1982

COMMODITIES

Beef prices fluctuate; Chicken production slow

NRN Special Report

Meat is going through the winter price swings with vengeance. The combination of bad winter weather which has disrupted supplies reaching the market, plus the effects of a smaller herd increase than expected, has caused wide swings in the daily price postings for both beef and pork during January and February. These oscillations are expected to continue throughout this month.

The U.S. Department of Agriculture issued its estimate of 1981 cattle herd growth, and it was only a 1% increase, surprising most agricultural economists, who had expected a 2% growth during last year. The combination of high interest rate money, plus generally poor prices for the producer, kept most cattle raisers from rapidly increasing their herds. However, 1981 made the third year in which herd size in the United States increased—a good harbinger for the future.

Chickens and Eggs Feel Winter Slowdown

Although today's poultry and egg producers use the latest, temperature-controlled and automated facilities to produce their products, cold weather of the sort which has swept through the Middle West and the Southeast has taken its toll in terms of production. Egg producers, who have decided that 1981's prices were not adequate, have cut back production, and in cold weather the chickens lay less. The combination has sent egg prices up as much as 12% over last year. The effect of Lent will also tend to keep egg prices high until after Easter.

Broiler producers face the same cold weather problems with production. Although production increases have been reported throughout broiler raising areas, prices have been going up on the failure of maximum hatch conditions, made worse by slower growth of the chickens during cold weather. Prices at *NRN* presstime, however, were still below last year at the same time by as much as 7% to 8%.

PRICE MOVEMENT AT A GLANCE

	Feb. 5, 1981	Jan. 5, 1982	Feb. 5, 1982
Beans, pinto, dried, Colorado (cwt)	$32.00	$17.50	$18.00
Beef, Choice, 700-900 lb., Midwest (lb.)	$ 0.92	$ 0.94	$ 1.01
Broilers, Grade A, Icepack, NYC (lb.)	$ 0.5423	$ 0.4509	$ 0.5032
Coffee, green beans, NYC (lb.)	$ 1.23	$ 1.45	$ 1.46
Eggs, Grade A large, Chicago (doz.)	$ 0.6675	$ 0.6950-.70	$ 0.7450-.75
Lettuce, iceberg, Calif. (24s)	$ 5.00-5.50	$12.00-15.00	$ 7.00-8.00
Orange Juice, frozen concentrate (12/32)	$13.26	$19.92	$21.52
Pears, Choice canned HS (6/10)	$14.75	$14.00	$13.25-14.00
Pork loins, 14-down, Midwest (lb.)	$ 0.9450-.955	$ 0.935	$ 1.04
Tuna, Chunk light (6/66.5 oz.)	$49.50-51.50	$40.00—41.00	$39.00-40.00

Source: *NRN* Research

Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing movement in price.

White House targets wage rules for regulatory relief examination

WASHINGTON—At industry urging, Reagan Administration regulatory reformers have launched a top-level review of restrictive Labor Department rules governing restaurant industry wage requirements.

The review was announced last month by Vice President George Bush's Task Force on Regulatory Relief. It focuses specifically on the standards used by Federal wage and hour agents to determine whether food-service industry supervisory workers must be paid overtime wage rates under the Fair Labor Standards Act.

Labor Department rules exempt "administrative" and "executive" employees earning more than $155 weekly from F.L.S.A. overtime wage requirements. Wage and Hour Division enforcement officials have concluded that only one employee in each restaurant—the chief unit manager—may qualify for this "administrative" exemption.

As a result, many food-service firms have been required to pay overtime wage rates to high-salaried assistant managers, executive chiefs and other supervisory employees who earn well above the $155 weekly cutoff point.

Although restaurant industry lobby groups have repeatedly urged the Labor Department to soften their enforcement policies concerning exemptions for food-service supervisors, Bush's announcement is the first official signal that the Reagan Administration is preparing to modify the F.L.S.A. ground rules.

In launching the new White House review of "F.L.S.A. restraints on restaurant personnel management," task force officials said that although executive and administrative workers are exempt by law from Federal overtime pay requirements, present Labor Department "regulations interpret these exemptions in ways that create unusual problems for the restaurant business."

Noting that food-service "employees frequently serve both managerial and nonmanagerial functions," the task force acknowledged that "the current regulations appear to restrict unnecessarily the managerial flexibility of restaurant owners and the training and advancement opportunities of restaurant employees."

Moreover, the White House review panel added that the department's current ground rules "establish differing criteria depending on salary for determining whether or not employees are managerial—so that employees performing exactly the same functions in the same industry can be categorized differently."

Significantly, the task force action appears to be unrelated to a separate review of the salary test requirements for

(Continued on page 114)

McDonald's registers solid gains despite nation's financial woes

By Joe Edwards

OAK BROOK, Ill.—McDonald's Corp. over the years has scored so many marketing and operations victories, and so many sales and earnings gains, that others in food service always are prompted to ask, "What will the company do for an encore?"

Released against a backdrop of a recession, soaring unemployment and continuing high inflation, McDonald's 1981 financial report offers a simple answer: make lots of money.

Though the company's ability to weather 1981's various economic storms was more pronounced in the first and second quarters of last year, totals for the 12 months show McDonald's making solid gains over the previous year.

In addition to traffic-building promotions and a rollout of new menu items, McDonald's in 1981 substantially reduced its long-term debt, financed all new store openings with internally generated cash, and increased

Fred Turner
McDonald's chairman

the number of units it owns outright to 56% of the total in its system.

Net income rose 17% in the fourth quarter to $61.2 million on a 12% revenues increase to $635.6 million. Systemwide sales in the quarter were up 10% to $1.7 billion compared to the same period a year earlier.

For the year ended Dec. 31, net income increased 20% to $264.8 million on a 14% rise in revenues to $2.5 billion. Systemwide sales for the year were up 15% to $7.1 billion.

Of the 6,739 restaurants operating worldwide at the end of the year, more than 3,700 reported annual sales of $1 million or more, up substantially from 1980 when 2,817 restaurants reached or surpassed that sales mark.

Back in 1968, Fred Turner, then president and now chief executive and chairman, instituted a policy in which McDonald's would borrow money for new store openings. The company now owns much of the real estate in its system while its competitors, for the most part, hold leases for their property which are coming up for renegotiation.

Because of its real estate shopping spree, the company saw its long-term debt skyrocket in the 1970's. At one point, the debt-to-equity ratio

(Continued on page 114)

Reagan 'hit list' zeros in on burdensome Federal rules

By Ken Rankin

WASHINGTON—Several of the most burdensome Federal rules governing small restaurant operators were included on the latest White House regulatory "hit list."

Although the bulk of the food-service industry's attention focused initially on the Reagan Administration's new review of Federal wage-hour requirements for restaurant workers (see story above), the White House regulatory relief task force announced simultaneous plans to reconsider:

- Current Child Labor Law provisions which place "illogical" restrictions on job duties of teenage food-service workers;
- Agriculture Department meat and poultry inspection exemptions which have come under fire by restaurant leaders as too restrictive;
- "Complex" Food and Drug Administration food preparation and production rules considered unnecessarily burdensome for small food suppliers.
- Cumbersome Labor and Treasury Department pension rules credited with discouraging many independent food-service operators and other small businesses from offering employee retirement programs.

Although Administration officials described the latest list of regulatory reforms as an effort to ease burdensome Federal restrictions on small business, most of the food-service-related rules selected for review by the task force create equally serious problems for many large restaurant chains.

In directing the Labor Department to review the current Federal ground rules governing child labor, the White House review group charged that "these regulations contain many illogical and unnecessary restrictions on youth employment.

"For instance," task force officials said, "the regulations prohibit teenagers from cooking hamburgers behind partitions but permit them to cook hamburgers behind lunch counters."

Regulations "such as these have little to do with worker safety and are particularly harmful to small enterprises," the Administration review board maintained.

According to food-service industry officials, many of these illogical restrictions have surfaced because the Labor Department has never issued any child labor ground rules specifically governing teenage employment in restaurants.

Although some of these restrictions are occasionally lifted—last year the department agreed to a National Restaurant Association request that pizza dough rollers be exempt from certain Federal child labor restraints—the new comprehensive review could result in sweeping changes in Federal teen employment rules for the food-service industry.

Likewise, the current U.S.D.A. meat and poultry inspection standards have been a major area of concern for many restaurant operators.

These Federal Perishable Agricultural Commodities Act (P.A.C.A.) inspection and recordkeeping requirements specifically exempt small firms as well as "specialized processors," and until 1980 U.S.D.A. did not require food-service firms to comply with these rules.

Two years ago, however, the department suddenly shifted policies and began requiring many restaurants and institutional feeders to begin purchasing P.A.C.A. licenses even though these food-service firms did not purchase any meat or poultry for resale.

Former National Restaurant Association president Robert Bradford focused the Administration's attention on this situation almost a year ago.

In a March 1981 letter to Vice President George Bush, chairman of the White House regulatory relief task force, Bradford maintained that "the cost of the licenses and . . . the unnecessary recordkeeping represent one additional unnecessary expense that adds to the cost of doing business and ultimately to the cost of meals" to restaurant patrons.

Although Bush did not specifically refer to the restaurant association's petition, he indicated that the department's P.A.C.A. inspection "exemptions need to be reviewed to determine whether they should be expanded to reflect inflation and modern methods of production and distribution."

Food-service operators who do process food for resale, as well as other small-food manufacturers, have a stake in the Administration's review.

According to the task force, these F.D.A. Good Manufacturing Practice rules "may be excessive or unnecessary for certain types of food processors, especially smaller ones with limited distribution."

The group singled out "complex coding requirements" as a restriction which "may not be necessary for a small company that distributes its products only to a limited number" of outlets.

The Federal pension regulations under review range from "burdensome" Labor Department paperwork requirements to complex Treasury Department vesting rules issued under the 1974 Employee Retirement Income Security Act.

Although this law "contains important provisions safeguarding the integrity of company pension funds, "unfortunately, it has also spawned an extremely complex regulatory system that has stifled pension growth," the task force said.

F.D.A. food safety enforcement drops sharply

WASHINGTON—Enforcement of Federal food safety laws dropped dramatically last year in the wake of Reagan Administration budget cuts, according to a new analysis of Government food recalls, seizures and court actions.

Using the Food and Drug Administration's own statistics as a basis for the analysis, the report concludes that the number of F.D.A. enforcement actions against contaminated or misbranded food products fell 40% during the Reagan Administration's first year in office.

Significantly, the study found an even steeper decline in Federal food enforcement activities last year compared with the annual average for such actions over the 1977-80 period.

During the Carter Administration, F.D.A. averaged 383 recalls, seizures and court actions involving food products annually. In 1981, the agency undertook only 203 actions against unsafe foods—a drop of 47%, according to the analysis.

The study, prepared independently of F.D.A. by consumer activists at Ralph Nader's Health Research Group, uncovered similar declines in the agency's drug and medical device enforcement programs.

"If 1981 is any indication, the Reagan Administration is well on its way to bringing back adulterated foods and unsafe or unproven drugs and medical devices as a result of its promise to get Government off the backs of industry," the report maintains.

"The very significant decrease in the total number of F.D.A. law enforcement activities—seizures, complaints for injunctions, prosecutions and recalls—during 1981 . . . bodes poorly for the health of this country even though it must please the disemburdened industries," the study concludes.

For their part, F.D.A. officials told *Nation's Restaurant News* that the agency's enforcement activities did decline during 1981, but they refused to concede the accuracy of the study's figures.

Further, a spokesman for F.D.A.'s Bureau of Foods maintained that "it does not necessarily follow that last year's reduced levels of enforcement are a result of the budget cuts."

Officials at the agency did, however, acknowledge that F.D.A. field staff has been trimmed by some 600 since the Reagan Administration took office.

In linking these staff reductions to the drop in F.D.A. enforcement actions, H.R.G. officials charged that "it is only a matter of time before the adverse health impacts of decreased enforcement of the food and drug laws become evident."

Noting that the sharp decline in F.D.A. enforcement last year was not limited to foods, the study reports that "total enforcement activities for all F.D.A.-regulated products" fell 45%, from an average of 1,041 actions annually under the Carter Administration to 577 seizures, recalls and court actions during 1981.

Product recalls alone dropped 31% last year, while F.D.A. seizures decreased by 64%, according to the analysis.

"In the case of foods, there appears to be a slight downward trend" in such enforcement activities even before the Reagan Administration took office, the study acknowledges. "However, even if it continued at its average decrease of 34 fewer per year in 1981, there still would have been over 300 actions last year as opposed to 203."

Citing the results of a recent Roper public opinion survey, the report contends that "although polls show the public wants more regulation, not less, especially for F.D.A.-regulated products, the Reagan Administration appears to be doing just the opposite."

Ironically, President Reagan had singled out F.D.A. enforcement activities as one of areas that "properly belong to the Federal Government" despite his antiregulatory philosophy.

"Although Mr. Reagan does not object to 'there being an F.D.A.,' he appears to object to its vigorous policing of the food industry," the report maintains.

Food-service chain stock analysis table

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		Two Weeks Ended Feb. 12							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin							Last Fiscal Year (Per Share)		
					Change		52-Week						Last Fiscal Year					Latest P/E Ratio	Indicated Dvd. Rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Long Term Debt	Common Stock Equity	Last Balance Sheet Date
Name	Symbol	High	Low	Close	Amt.	Pct.	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days		Amt.	Pct.				Amt.	Yield		Revenue	Earnings				
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	—	$	%	—	$ Mil.	$ Mil.	—	$	$	—
Aca Los A Res	ALAR	4.13	3.63	3.63	-.13	-3.33	10.63	3.50	-1.06	-1.80	-.15	16.80	.47	.04 F	9.3	20.0	4.3	7.7	.00	.0	01-06-81	19.1	1.1	.8	1.1	2	1080
Am Motor Inns	INN	17.00	14.75	16.63	1.75	11.76	21.88	10.00	1.09	1.39	2.26	1.05	1.67	.43 Q	31.8	35.0	6.3	9.3	.22	1.3	01-26-82	114.7	6.7	1.4	17.7	8	0780
ARA Services	ARA	25.88	24.88	25.13	-.63	-2.43	37.25	23.75	.03	.17	-4.73	-11.50	4.00	-1.35 Q	-26.2	-1.0	1.5	6.6	2.00	8.0	11-24-81	2915.9	45.1	1.2	21.0	44	0981
Assoc Hosts	AHST	5.63	5.38	5.63	.13	2.27	8.63	4.88	-.17	1.20	-3.86	-21.43	.66	.11 Q	17.1	-8.0	2.6	7.5	.12	2.1	12-08-81	79.9	2.1	1.5	6.4	7	0981
Beefstk Char	BSCC	4.13	3.38	3.50	.13	3.70	4.88	1.63	.97	-.99	2.38	-50.76	.47	.14 S	31.8	41.0	2.3	6.0	.00	.0	00-00-00	47.7	1.1	.8	1.8	2	1080
Bob Evans Farms	BOBE	22.25	22.00	22.00	-.25	-1.12	22.75	16.69	.19	.13	-.84	-7.39	1.40	.09 S	6.4	26.0	8.0	14.8	.40	1.8	02-05-82	147.0	11.8	1.9	.0	6	0481
Bonanza Intl Inc	BNZA	1.63	1.50	1.50	.00	.00	6.88	1.13	1.63	-2.38	2.32	-38.03	.24	-1.49 N	-647.8	-37.0	4.2	NE	.00	.0	00-00-00	25.9	1.1	1.6	12.9	5	1280
Brock Hotel Cp	BHC	15.00	13.75	14.50	-.38	-2.52	16.88	6.88	.32	.28	-3.87	-21.91	.44	.04 N	9.5	27.0	4.0	31.5	.10	.7	12-11-81	110.9	4.4	1.0	8.5	3	1280
Calny Food	CLNY	11.00	11.00	11.00	.00	.00	15.50	9.00	.15	.03	-6.24	87.50	1.35	-.29 N	-16.9	7.0	2.2	7.7	.20	1.8	01-28-82	41.7	.9	.4	14.4	6	0281
Carrols Develop	CRL	5.38	4.88	4.88	-.63	-11.36	8.28	3.97	-.26	-.65	-2.46	-8.06	.86	.68 S	151.1	34.0	2.4	4.3	.09	1.8	12-24-81	75.6	1.8	.7	10.1	5	0581
Chart House	CHHO	17.13	16.00	16.00	-1.25	-7.25	22.88	13.50	-.32	-1.21	1.67	18.35	2.03	.31 F	18.0	12.0	5.0	7.9	.60	3.8	12-24-81	312.5	15.2	1.1	12.3	9	1280
Chi-Chis	CHIC	19.13	17.75	18.00	.00	.00	27.25	14.50	-.06	-.40	-1.52	-8.64	.46	.37 S	137.0	35.0	14.1	28.1	.00	.0	06-02-81	14.9	2.1	3.1	1.7	2	0481
Ch Full O Nut	CHF	11.50	10.50	10.88	-.13	-1.14	13.88	6.50	.51	-.21	-1.96	-25.51	.66	-.13 Q	-17.8	30.0	2.7	18.1	.40	3.7	12-14-81	118.7	3.2	3.4	.8	5	0781
Churchs Fr Ch	CHU	28.50	26.63	27.63	.13	.45	37.38	25.00	.13	-.48	3.19	-40.88	3.01	.55 N	18.7	24.0	9.9	7.9	.84	3.0	10-26-81	386.5	38.1	1.4	1.1	13	1280
Cindys Inc	CNDYC	3.00	2.88	2.88	-.13	-4.17	4.00	2.50	-.27	-.70	-1.06	14.80	-1.43	-1.09 F	NE	NE	-17.3	NE	.00	.0	00-00-00	16.8	-2.9	.0	6.2	0	1280
Collins Foods	CF	13.25	12.00	12.13	-1.25	-9.35	14.91	10.31	-.30	-.68	-2.21	2.21	1.56	.59 S	40.6	12.0	2.8	5.9	.24	2.0	12-23-81	265.2	7.5	1.4	10.6	13	0481
Consul Corp	CNSL	6.50	5.50	6.25	.75	13.64	10.13	5.38	.26	.42	-.03	-26.02	-.08	.12 S	NC	NE	-1.5	52.1	.00	.0	00-00-00	6.8	-.1	.8	.6	1	0581
Dennys Inc	DEN	31.38	28.75	30.63	1.50	5.15	31.75	22.13	.44	-.54	.53	-38.30	2.96	1.14 S	52.0	5.0	3.2	9.2	.96	3.1	03-04-82	840.7	26.9	1.5	24.0	20	0681
Dunkin Donuts	DUNK	12.13	11.38	11.38	-1.00	-8.08	18.25	11.25	-.68	-.63	.71	7.34	1.82	.28 F	18.1	21.0	8.3	6.3	.30	2.6	11-06-81	68.7	5.7	1.3	11.4	11	1081
Frischs	FRS	7.88	7.50	7.50	-.63	-7.69	9.38	5.41	-.39	-.41	-3.93	-6.67	1.39	.70 S	63.0	14.0	3.0	4.1	.35	4.7	11-30-81	97.0	2.9	1.2	7.2	13	0581
Hambrg Hamlet	HAMB	5.50	5.50	5.50	.00	.00	9.00	5.00	.04	-.05	-7.53	50.00	.27	-.15 S	-19.7	-24.0	.7	9.0	.00	.0	00-00-00	28.4	.2	.9	20.9	12	0381
Hardwicke	HAWK	3.88	3.00	3.00	-1.00	-25.00	10.50	2.25	.09	-2.29	-1.51	-70.83	.44	-.20 N	-34.4	-10.0	8.6	7.9	.00	.0	00-00-00	22.2	1.9	1.8	13.8	10	0980
Hilton Hotels	HLT	39.63	36.75	37.00	-2.88	-7.21	52.25	33.25	.25	-.21	-1.06	-11.55	4.22	.22 F	5.5	34.0	18.4	8.8	1.80	4.9	03-01-82	523.1	106.1	2.2	4.6	17	1280
Holiday Inns	HIA	26.63	25.13	25.25	-1.63	-6.05	33.25	21.50	-.10	-.76	2.53	-4.25	2.92	.69 N	23.6	28.0	7.1	7.0	.74	2.9	12-14-81	1533.8	108.3	1.0	17.6	22	1280
Holiday Inns A	HIA A	39.00	37.00	39.00	3.00	8.33	48.75	33.00	-.36	.01	-1.78	.00	NA	NA	NA	NA	NA	NA	.00	.0	00-00-00	NA	NA	NA	NA	NA	NA
Horn & Hardart	HOR	12.25	10.75	11.88	.88	7.95	15.91	7.28	-.31	-.51	-2.57	10.89	.87	.09 N	10.0	42.0	3.1	12.0	.00	.0	01-11-82	128.2	4.0	1.8	15.4	6	1280
Host Intl	HII	30.50	29.00	29.50	-.50	-1.67	30.50	12.00	.37	-.40	6.46	68.12	2.74	-1.82 N	-62.1	4.0	3.9	26.6	.60	2.0	12-09-81	356.7	14.0	1.1	12.6	17	1280
Hungry Tiger	HTIG	7.75	7.25	7.25	-.38	-4.92	9.38	5.25	.12	-.67	4.47	-9.26	.92	.12 Q	14.4	43.0	3.2	7.6	.00	.0	08-24-81	49.9	1.6	.8	5.8	4	0881
Imperial Grp	IMT	1.56	1.31	1.50	.06	4.35	2.00	1.06	.75	-.77	.04	8.57	.62	-.15 S	-21.1	28.0	2.1	2.7	.16	10.7	09-28-81	8700.9	178.4	.9	.8	3	1080
Intl Dairy Queen	INDQ	12.00	10.50	10.75	-1.00	-8.51	13.25	8.50	.80	-.68	-1.79	38.68	1.72	.38 F	28.3	50.0	6.1	6.3	.00	.0	00-00-00	91.3	5.6	1.1	9.7	6	1181
Int King Tab	IKNG	2.13	2.00	2.00	-.13	-5.88	3.38	1.88	.23	-1.24	-4.55	-25.00	-.65	.19 S	NE	-43.0	-3.1	NE	.00	.0	10-09-79	32.0	-1.0	.3	5.4	3	0681
JBs Rest	JBBB	4.88	4.63	4.63	-.63	-11.90	5.25	2.63	.91	-.31	-2.45	20.45	.63	.31 Q	81.5	-2.0	3.0	6.7	.00	.0	00-00-00	36.4	1.1	.9	5.2	5	0981
Jerrico Inc	JERR	18.50	17.50	18.50	.88	4.96	27.63	15.63	.43	.76	-5.73	-3.47	1.70	.39 S	26.5	23.0	5.6	9.9	.12	.6	11-06-81	378.2	21.0	1.1	3.7	10	0681
Kapok Tr Inns	KTI	4.13	3.63	3.63	-.25	-6.45	4.38	3.38	-.06	-3.49	2.46	27.50	-.25	-.51 F	-196.1	-23.0	-2.9	NE	.00	.0	00-00-00	16.8	.6	2.1	2.4	6	0980
Kelly Johnston	KEJO	15.50	15.25	15.25	.00	.00	16.25	10.75	.15	.02	-1.64	-20.94	.58	.77 N	NC	132.0	5.9	19.8	.00	.0	00-00-00	11.9	.7	.4	.8	1	0381
Kinnard Cos	KCNI	1.63	1.63	1.63	.00	.00	9.00	1.50	.14	-.18	-19.35	.00	-.60	-.39 N	NC	-96.0	-66.7	NE	.00	.0	00-00-00	2.1	-1.4	.3	.4	1	1280
Lubys Cafeterias	LUBY	25.50	24.50	25.25	-.25	-.98	28.25	19.00	-.19	.33	-1.58	10.89	1.45	.27 Q	21.7	23.0	9.1	16.7	.48	1.9	12-15-81	108.2	9.8	1.1	.9	6	0881
Marcus Corp	MRCS	5.88	5.75	5.75	-.25	-4.17	7.28	5.00	.36	-.45	1.10	-65.00	1.15	.13 S	11.8	8.0	5.8	4.7	.00	.0	08-24-81	105.3	6.1	.8	2.9	9	0581
Marriott Corp	MHS	39.00	36.00	37.38	.88	2.40	47.00	29.75	.47	.17	1.30	6.01	2.60	.59 N	23.9	28.0	4.2	12.3	.30	.8	12-21-81	1718.7	72.0	.9	22.4	12	1280
McDonalds Cp	MCD	64.50	59.50	60.25	-3.38	-5.30	72.88	52.88	.13	-.77	1.24	-13.84	6.54	1.05 F	19.1	19.0	10.5	9.2	1.00	1.7	10-27-81	2184.3	220.9	.7	24.2	28	1280
Morrison Inc	MORR	9.25	8.50	8.75	.13	1.45	13.88	8.13	.33	.03	-2.99	-.14	.95	.01 S	1.0	6.0	3.9	8.9	.32	3.7	01-04-82	319.8	12.4	1.3	2.7	7	0581
Mr Steak	MSST	2.88	2.50	2.88	.38	15.00	4.75	2.13	1.06	2.71	2.80	-29.86	.22	.04 F	22.2	43.0	.5	13.1	.02	.7	05-29-80	55.7	.3	1.4	3.4	5	0981
Nathans Famous	NATH	1.88	1.25	1.63	.13	8.33	1.88	.63	4.23	3.85	9.72	-9.27	-.87	-.41 S	NE	NE	-7.9	NE	.00	.0	00-00-00	21.5	-1.7	.4	.2	2	0381
Oakbrook Cons	OKCO	9.25	9.25	9.25	.00	.00	12.25	9.00	.14	.00	-6.04	.00	1.74	.04 Q	2.5	12.0	1.3	5.7	.32	3.5	12-10-81	126.2	1.3	.8	4.9	11	0980
Orange-co	OJ	11.13	9.88	10.75	.25	2.38	11.38	6.38	.76	.85	1.16	32.95	1.01	.47 Q	77.0	25.0	5.4	10.0	.20	1.9	11-19-81	76.2	4.1	1.9	10.2	7	0881
Piccadilly Caf	PICC	14.63	13.50	13.75	-.75	-5.17	19.00	12.72	-.03	.59	-3.18	-46.99	1.30	.16 S	12.8	16.0	6.1	9.8	.48	3.5	12-09-81	127.2	7.8	1.7	.0	6	0681
Pizza Inn	PZA	6.00	5.25	5.25	-.50	-8.70	11.50	5.25	-.55	-1.12	-2.72	-13.77	.59	.08 N	14.5	-2.0	1.4	8.3	.00	.0	00-00-00	120.7	1.7	1.1	14.0	6	1280
Pizza Time Thea	CHKY	25.00	21.25	23.25	1.25	5.68	28.25	18.00	.84	-1.75	1.67	-33.70	.58	.58 F	NC	81.0	7.2	40.1	.00	.0	00-00-00	11.4	.1	1.3	.4	1	1280
Ponderosa Sys	PON	13.63	12.38	12.63	-.50	-3.81	19.75	10.88	-.04	-.56	2.64	-14.76	.60	.41 N	39.4	3.0	.8	8.7	.40	3.2	12-01-81	329.6	2.6	.8	22.3	15	0281
Ramada Inns	RAM	6.13	5.50	5.63	-.50	-8.16	12.50	5.25	-.15	.26	1.67	28.65	.53	.70 N	184.2	33.0	4.1	5.2	.12	2.1	10-19-81	366.1	15.1	.8	14.4	6	1280
Restaur Assc	RA	5.25	4.63	4.75	.13	2.70	8.25	4.00	.75	-.77	4.60	-10.04	.64	.39 N	60.0	29.0	1.6	4.6	.00	.0	00-00-00	95.8	1.5	1.3	3.9	5	1280
Saga Corp	SGA	22.00	18.63	20.75	1.38	7.10	23.75	9.88	.88	-.69	1.21	-21.55	2.36	1.33 S	75.5	18.0	1.4	6.7	.56	2.7	02-11-82	819.0	11.6	.9	9.3	15	0681
Sea Galley	SEAG	7.75	7.25	7.38	-.50	-6.35	17.88	6.88	.22	-.36	-4.16	-19.85	.68	.13 F	23.6	50.0	4.5	10.8	.00	.0	06-02-81	22.9	1.3	1.6	2.3	2	1280
Servico Inc	SRVI	8.00	8.00	8.00	-.25	-3.03	13.00	7.00	-.34	.04	-11.44	-7.69	1.10	1.34 N	183.5	22.0	2.5	3.9	.00	.0	00-00-00	114.4	2.9	1.0	50.1	4	1280
Shoneys Inc	SHON	13.25	12.63	12.88	-.88	-6.36	15.00	11.16	-.38	.63	-.55	-38.59	1.03	.20 F	24.0	21.0	5.5	12.5	.16	1.2	12-28-81	269.4	14.8	1.0	2.0	5	1081
Sonesta Hotel	SNSTZ	10.75	10.75	10.75	.00	.00	15.00	10.00	.15	.00	1.73	61.43	2.24	.09 N	6.2	80.0	3.6	7.1	.20	1.9	12-28-81	137.2	5.0	1.0	19.1	9	1280
Steak n Shake	STAK	3.00	2.63	2.94	.31	11.90	3.13	2.31	.40	1.41	-1.55	-43.59	.06	.09 F	NE	-30.0	.5	49.0	.00	.0	05-17-79	60.4	-.1	.8	4.7	3	0980
Valles Steak	VLE	5.63	5.50	5.50	-.25	-4.35	7.63	4.38	-.04	-.73	-2.79	-50.00	-.22	.18 S	NE	-23.0	-.9	137.5	.00	.0	11-01-78	65.6	-.6	1.3	7.8	10	0381
Victoria Stations	VSTA	9.38	8.75	8.88	-.13	-1.39	11.25	6.25	.26	-.10	-5.08	-25.32	-1.85	2.11 N	NE	-32.0	-4.3	74.0	.00	.0	09-19-79	134.5	-5.8	1.0	9.0	10	0381
Volunteer Cap	VLCC	7.75	7.25	7.38	.25	3.51	8.88	5.25	.04	-.35	1.65	-60.38	-.05	.43 N	NC	-2.0	-.2	17.2	.00	.0	00-00-00	62.1	-.1	.6	13.7	6	1280
Wendys Intl	WEN	14.63	13.75	13.75	-.50	-3.51	19.38	12.44	.17	-.87	-.88	-.80	1.34	.32 N	27.3	30.0	8.7	9.2	.28	2.0	10-30-81	347.0	30.1	.5	1.9	6	1280
Webb Del F	WBB	6.88	5.75	5.75	-1.00	-14.81	13.63	5.75	-.27	-1.46	-.71	-2.09	-.49	-.81 N	-77.8	-42.0	-.9	25.0	.00	.0	11-07-80	486.0	-4.6	1.6	21.8	13	1280

KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year
'—Other than a quarterly multiple resulting from a fiscal year change.

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

Profits rise 34% at JB's Restaurants

SALT LAKE CITY—JB's Restaurants reported a 34% net profit rise to $326,000 for its first quarter ended Dec. 20, compared with the same period the previous year.

Clark D. Jones, president and ceo, attributed the results to an increase in the number of restaurants operated by the company from 62 in fiscal 1981 to 64 in fiscal 1982, an increase in menu prices, and increased customer counts.

The company opened a new restaurant in Mesa, Ariz., during the quarter and now has six restaurants under various stages of development, including The Old City Jail of Tucson, Apple Butter Farms in Salt Lake City and four other Big Boys.

In addition, three Big Boy restaurants are undergoing extensive remodeling. JB's had 64 restaurants in operation at the end of the quarter in the states of Utah, Arizona, Montana, Idaho, New Mexico, Wyoming and South Dakota.

Dr. Pepper buys Canada Dry

DALLAS—The Dr. Pepper Co. here has purchased the Canada Dry Corp. from Norton Simon Inc. for $143 million. Norton Simon retains control of the Canada Dry Bottling Co. in New York.

EARNINGS REPORT

Company	Period	Period Ended	Total Sales*	% Change	Revenues*†	% Change	Net Income (Loss)*	% Change
ARA Services	13 wks.	1/1			$ 698.223	3	$ 13.492	– 15
Chart House	1 yr.	12/31			353.912	13	17.721	18
	3 mos.	12/31			91.207	9	5.325	16
Continental	1 yr.	12/31			1,090.000	10	(60.400)	—
	3 mos.	12/31			289.100	30	(13.400)	—
Gino's	12 mos.	12/31	$ 323.094	1			(0.962)	—
	3 mos.	12/31	76.201	– 2			(0.289)	—
Int'l Dairy Queen	1 yr.	11/30	92.663	0			5.579	18
	3 mos.	11/30	17.991	18			0.708	70
JB's	3 mos.	12/20			9.502	27	0.326	53
Marriott	1 yr.	12/31	2,000.314	16			86.136	19
	3 mos.	12/31	620.723	14			21.736	28
McDonald's	1 yr.	12/31	7,128.602	14			264.834	20
	3 mos.	12/31	1,787.220	10			61.209	17
Pamax	3 mos.	12/31			5.508	10	0.129	122
Pizza Time Theatres	1 yr.	12/27			36.219	217	2.602	2759
	3 mos.	12/27			14.031	190	1.383	1876
Victoria Station	40 wks.	1/3			97.052	– 7	1.280	**
	16 wks.	1/3			36.613	– 10	0.186	**

Source: *Company earnings reports*

—Loss in current period
**In millions*
***Loss in corresponding period*
†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.

Hungry Tiger's earnings up 25% for first quarter

VAN NUYS, Calif.—Hungry Tiger Inc. posted a 25% net profit gain to $341,000 on a 14% sales increase to $12 million for the first quarter ended Nov. 20, compared to the same period a year ago.

The company attributed the sales increase primarily to the addition of new restaurants. Increased menu prices offset decreased customer traffic, management said in its 10-Q statement to the Securities and Exchange Commission.

The customer count decline was "due to the general slowdown of the economy and the lack of special promotions in fiscal 1982," the statement said.

Hungry Tiger operates 30 Hungry Tiger seafood dinnerhouses and one Breakers Seafood Company restaurant. A second Breakers is scheduled to open this month.

The company has begun a television advertising campaign to enhance Hungry Tiger's image in southern California and Arizona.

Oneida purchases Prestige's Wiggin

ONEIDA, N.Y.—Oneida has purchased the Wiggin division from The Prestige Group Ltd. of London.

The Wiggin division is comprised of three companies: Old Hall Tableware Ltd., manufacturer of stainless steel holloware and general tableware products; Bridge Crystal Glass Company Ltd., producers of hand-cut, full-lead crystal, and Wiggin Chains Ltd., manufacturers of steel chain.

Oneida Ltd. is a diversified United States-based manufacturer.

Taco Viva six-month earnings climb 54%

POMPANO BEACH, Fla.—Taco Viva reported an earnings increase of 54% to $219,000 for the six months ended Nov. 30 up from $142,000 during the similar period a year ago.

Sales were $6 million for the Mexican restaurant chain and its subsidiary, Boynton Restaurant Supply, up from $4.2 million.

Brian Foulke, president, said the chain of 32 restaurants attributes its profit improvement to tightened operational controls.

He added that the chain, which opened four new units this period, would proceed with an expansion program. "We remain committed to that plan [expansion] and are receptive to the right acquisition opportunities," he said.

Brock Hotel stock growth heads ranking

Seven food service or lodging companies ranked in the top 100 on a list of percentage increases in 1981 New York Stock Exchange prices, as compiled recently by *Money Magazine*.

Brock Hotel, Topeka, Kan., a diversified company which owns Showbiz Pizza Palaces, ranked third—topped only by two other corporations, General Steel and Dial. Saga Corp., Menlo Park, Calif., was seventh on the list; Collins Foods, Los Angeles, 34th; Prime Motor Inns, Clifton, N.J., 43rd; Gino's, King of Prussia, Pa., (slated to be acquired by Marriott), 49th; Denny's, La Mirada, Calif., 87th, and Chock Full o'Nuts, New York City.

All rankings are shown in the context of the 1,514 New York Stock Exchange companies.

1981
NEW YORK STOCK EXCHANGE COMPANY RANKINGS
(By per cent change in stock price)

Rank	Operator	HQ City	1981 Dividend % Yield	Stock Price Dec. 31, 1980	Stock Price Dec. 31, 1981	% Change
3	Brock (Showbiz Pizza)	Topeka, Kan.	0.7	6.41	14.75	+130.2
7	Saga	Menlo Park, Calif.	2.3	8.50	19.00	+123.5
34	Collins	Los Angeles	1.7	7.50	13.88	+ 85.0
43	Prime Motor Inns	Clifton, N.J.	0.6	10.38	17.75	+ 71.1
49	Gino's	King of Prussia, Pa.	2.6	10.00	16.88	+ 68.8
87	Denny's	La Mirada, Calif.	3.0	19.00	29.25	+ 53.9
89	Chock Full o'Nuts	New York City	3.8	6.88	10.50	+ 52.7
104	Wendy's	Dublin, Ohio	2.0	9.50	14.13	+ 48.7
157	Host Int'l	Santa Monica, Calif.	2.1	20.50	28.50	+ 39.0
192	McDonald's	Oak Brook, Ill.	1.5	48.75	65.38	+ 34.1
234	Ponderosa	Dayton, Ohio	2.9	10.50	13.63	+ 29.8
430	General Host	Stamford, Conn.	4.6	17.38	19.75	+ 13.7
513	Marriott	Washington, D.C.	0.8	32.75	35.88	+ 9.5
759	MGM Grand Hotels	Las Vegas	5.6	8.00	7.88	– 1.6
851	UAL	Chicago	0.0	17.50	16.50	– 5.7
901	World Airways	Oakland, Calif.	0.0	4.88	4.50	– 7.7
941	Hilton Hotels	Beverly Hills	4.7	42.25	38.00	– 10.1
1,016	ARA Services	Philadelphia	7.4	31.38	26.88	– 14.3
1,074	Delta Air Lines	Atlanta	4.1	29.50	24.50	– 16.9
1,077	Ramada Inns	Phoenix	2.0	7.38	6.13	– 16.9
1,119	Trans World	New York City	0.0	18.50	15.00	– 18.9
1,137	Eastern Airlines	Miami	0.0	7.38	5.88	– 20.3
1,309	USAir	Arlington, Va.	1.0	17.50	11.88	– 32.1
1,487	Braniff	Dallas	0.0	5.00	2.25	– 55.0

Source: *Money Magazine*

Shoney's to consolidate Famous Recipe hq.

NASHVILLE—Shoney's Inc. plans to move headquarters of Famous Recipe, a 222-unit fried chicken chain it took over last fall, from Cincinatti to Shoney's offices here March 22.

Jim Hardy, Shoney's group vice president in charge of Famous Recipe, said 15 people from Cincinatti would be using the Nashville offices either for their offices or their home base.

The remaining employees, about 15, are staying with Harold Omer, former chairman of the chain, who became a Famous Recipe franchisee in the $2.2 million transaction.

Planning Ahead

Hardy said Shoney's executives will continue until mid-May to formulate long-range plans for the new property. Shoney's sold off 22 KFC stores and agreed not to build any new company Famous Recipe stores until November under terms of the agreement.

Hoffman and Smith resign from IFMA

CHICAGO—Michael Hoffman, vice president of marketing, and Mark Smith, marketing manager, have both resigned their positions at the International Foodservice Manufacturer's Association (IFMA).

The moves are reportedly independent of each other.

Hoffman, who had his own marketing company in addition to his IFMA post, left to devote more time to his firm, according to an IFMA spokesman Smith's departure reportedly came after he received an offer from his former employer, Polyfoam Packing, and decided to rejoin that group.

No replacements for either has been named.

IFMA activities are designed to promote institutional food-service manufacturing, collect market research data, and develop and recommend improvements in food-service marketing, merchandising, distribution, sales training and management.

Meet

PEOPLE

in every issue